

EARLY RETIREMENT INCENTIVE PROGRAM (ERIP)

QUESTIONS AND ANSWERS

Q. What benefits do employees receive from ERIP?

- A. Eligible employees are entitled to receive a combination of years of creditable service and years of age, the sum of which shall not be greater than 5 years, for the purpose of determining their superannuation retirement allowance.

Q. How can I determine what my retirement income will be under ERIP?

- A. Eligible employees are strongly encouraged to take advantage of counseling provided at the State Board of Retirement Office which is located in Room 1219 at One Ashburton Place in Boston, or by calling (617) 367-7770, extension 1, or 1-800-392-6014 (in-state only).

Q. What are the eligibility requirements for one to retire under ERIP?

- A. The legislation states that to be eligible for ERIP, employees, as of December 31, 2001, must have been employed by the Commonwealth as an active member in Group 1 of the state retirement system and paid from HR/CMS.

The ERIP legislation also stipulates that:

- the deadline for filing an ERIP application is February 15, 2002.
- all employees who contribute to the retirement system at a rate of 5% or 7% are eligible, regardless of length of service.
- the total number of eligible employees will be 6,700 (to be exceeded only if more than this number of 5% or 7% contributors apply) , with the length of creditable service being the deciding factor in the event that this number is exceeded.
- employees contributing at a rate of higher than 7% must have 20 years of service at any age or at least 10 years of service if 55 years of age or older.
- those paid from Capital, Trust or Federal Funds are **INELIGIBLE**.
- the effective retirement date under ERIP is March 15, 2002 for employees in the Executive Branch, and June 15, 2002 for employees of the University of Massachusetts and the state and community colleges.
- participation in ERIP for employees of the Massachusetts Turnpike Authority (MTA) the Massachusetts Housing Finance Agency (MHFA) the Massachusetts Water Resources Authority (MWRA) and the Massachusetts Port Authority (MPA) is subject to a majority vote of their boards of directors, which must occur no later than April 1, 2002.

- If the MTA, MHFA, and MWRA opt to participate in ERIP, the effective retirement date for participating employees will be no earlier than December 31, 2001 and no later than June 30, 2002.
- If the MPA opts to participate in ERIP, the effective retirement date for participating employees will be no earlier than September 30, 2002.

Q. If those paid from Capital, Trust or Federal funds are ineligible for ERIP, what state budgeted funds must employees be paid from to be eligible to participate in the program?

- A. Employees who are otherwise eligible for ERIP must also be paid from certain state budgeted funds to qualify for the program. These include:
- employees in positions that were assigned to accounts in Account Type 01 (state funded) or Fund 015 (intragovernmental services), for the pay period ending December 29, 2001, or
 - employees who received more than 50% of their pay from accounts in Account Type 01 or Fund 015 for the pay period ending December 29, 2001, or
 - employees who received more than 50% of their pay from accounts in Account Type 01 or Fund 015 for the pay periods between July 1, 2001 through December 29, 2001.

Q. What if employees, who are otherwise eligible for ERIP except for the funding source for their salaries, are transferred into state funded positions after the effective date of the ERIP legislation?

- A. Transfers into account type 01 or fund type 015 positions after the effective date of the legislation will not be recognized for purposes of determining eligibility for ERIP.

Q. What if I was receiving workers' compensation as of the effective date of the legislation, December 31, 2001?

- A. Anyone on Workers' Compensation leave, whether receiving total or partial disability compensation would meet the standard of being employed by the Commonwealth as of the effective date of the ERIP legislation, and if otherwise eligible could take advantage of ERIP.

Q. What if I was on an unpaid leave as of December 31, 2001?

- A. Anyone on any approved leave, including approved unpaid leave such as FMLA and military leave, would meet the standard of being employed by the Commonwealth as of the effective date of the ERIP legislation, and if otherwise eligible could take advantage of ERIP.

Q. What if I terminated my job or I was laid off before December 31, 2001, could I be eligible for ERIP?

A. Those who left the employment of the Commonwealth before December 31, 2001, regardless of the reason, are not eligible for ERIP.

Q. What if I am eligible for ERIP and I file a timely application, but I am laid off or terminated before the effective ERIP retirement date of March 15, 2002?

A. Anyone who is eligible for ERIP and files a timely application, and who is laid off or terminated with an effective date before the ERIP date of 3/15/02 will remain eligible for ERIP.

Q. What are the sick leave and vacation cash out procedures under ERIP?

A. The legislation requires that sick leave and vacation leave cash outs be paid in three equal installments, in July of 2002, 2003 and 2004.

Q. What if I have only a small amount, for example, 1 day, of unused sick and/or vacation leave, will my cash out still be paid in three yearly installments?

A. Yes, the legislation does not provide any exceptions to the requirement to cash out sick and vacation leave balances must be paid in three yearly installments.

Q. If I am eligible for ERIP and file a timely application, but I am laid off before the ERIP retirement date, will I be able to cash out my unused sick and vacation leave?

A. Yes, you will be able to cash out your vacation leave and 20% of your unused sick leave, subject to the cash out procedures described in the ERIP legislation. As a condition of applying to participate in ERIP, you signed a *Sick and Vacation Consent Form* stipulating your agreement to receive payment for your sick and vacation leave balances in three yearly installments (see previous question). Thus, if you filed your ERIP application before being made aware of your layoff, you are **not** entitled to receive either a full cash out of your vacation leave balance or a 20% cash out of your sick leave balance on the effective date of your layoff. If, on the other hand, the date of your layoff came before the date you signed your ERIP application, and you received a full cash out of your vacation leave balance, you will still be eligible to receive the cash out of 20% of your sick leave balance under the aforementioned ERIP cash out process.

Q. What about the cash out of compensatory time?

A. The provisions in the ERIP legislation regarding the cash out of leave in three yearly installments pertain only to the cashing out of sick and vacation leave. Therefore, those who retire under ERIP may, as of the date of their retirement, cash out their full balances of compensatory time.

Q. What if my address changes?

A. Cash out payments will be deposited directly into the bank accounts of the retirees. It is the obligation of the retirees to notify their agencies if their bank accounts change.

Q. If I retire under ERIP, will I be able to come back to work part-time?

A. The decision to allow pensioners to return to work rests with your agency head, subject to the following conditions:

- There is a Limit of 960 hours in any calendar year for any pensioner returning to work.
- Your post-retirement earnings, when added to your pension, cannot exceed in a calendar year what you would be earning from your position if you had not retired, and you were still working full-time.
- Each pensioner returning to work must certify annually the amount of earnings and the hours worked and the limit of annual earnings allowed under this section of law.
- The pensioner must return any overpayment for excessive hours worked or excessive pay received.
- The pensioners returning to work are not eligible to enroll in any retirement system. Therefore, no retirement contributions are deducted.
- These appointments will be subject to the approval of the agencies' Cabinet Secretaries or Division Directors and the Office of the Governor's Chief Secretary.

Q. How will positions vacated through ERIP be backfilled?

A. Backfills of ERIP positions will be subject to the approval of the Fiscal Affairs Division (FAD) and the Office of the Governor's Chief Secretary. Detailed instructions regarding this process will be issued by FAD by the end of February, 2002.